

**Abstract**

**Corporate Social Responsibility and Travel & Tourism Businesses-Some Hard Issues for  
the Industry and Some Opportunities for Academia**

**Submitted to BEST**

**Think Tank VI**

**Corporate Social Responsibility for Sustainable Tourism  
Girona, Spain**

**David M. Stipanuk  
Associate Professor  
School of Hotel Administration  
Cornell University  
Ithaca, NY 14850**

**Email: [DMS20@cornell.edu](mailto:DMS20@cornell.edu)**

## **CSR & T&T-Some Hard Issues for the Industry**

CSR discussions often occur at a rather general level and can have a tendency to focus on the positive contributions that are made by corporations. For example, in the WTTC publication “Corporate Social Leadership in Travel and Tourism”<sup>1</sup> the emphasis is upon the aspects of the economic contribution of T&T in raising living standards with this tied to the corporation delivering sustainable value to its various stakeholders. And, while mentioning the potential for negative impacts, a positive environmental contribution is stressed regarding the protecting of eco-systems. Finally, the WTTC speaks of bringing people together via T&T to build international understanding and bridges of peace.

As educators interested in CSR, BEST needs to not only research and present the aspects of CSR that represent best practices (as does the WTTC report) but also to highlight those areas of industry practice in need of attention. This paper takes the three aspects of CSR (Economic, Social and Environmental) and provides some “items for thought” regarding some aspects of T&T that typically do not surface in industry discussions of CSR and T&T. The paper will focus largely on the US industry due to the availability of data but extensions and applications to the global industry will be made as well.

With regard to the Economic aspects of T&T, the paper will discuss issues regarding wages in T&T. Much of T&T is based on a wage structure that can hardly be considered to be fair and equitable. Not only does this wage structure exist at the “base of the pyramid” in the hourly wages of room attendants and foodservice workers but even at the managerial levels where the salaries of college graduates entering the field from hospitality business programs is below that of graduates of undergraduate business programs. In addition, many hospitality workers do not receive benefits (insurance, vacation, etc.) further degrading the potential contribution of T&T to raising their living standards. Data will be presented illustrating these inequities and some potentially interesting research agendas discussed.

Another economic aspect discussed will be the economics of tipping—a practice very widespread in the US F&B market as well as elsewhere in T&T. F&B firms have evaded responsibility for literally hundreds of millions of \$ of employee benefits via tipping—transferring employer contributions to government insurance to the employees in the process and, as a result, encouraging non-reporting of income. The practice of tipping has also deprived governments of hundreds of millions of \$ in sales tax as well since tipped income is not subject to sales tax. Inequity has been created in this system for quick serve restaurants where no tipping occurs and the full cost of employees salaries is subject to sales tax. A system that results in avoidance of taxes and shifting the burden of taxes to low income individuals can hardly be viewed as one which exhibits “social responsibility”. Some preliminary estimates of the cost of tipping in the US will be made along with some possible research areas in this regard.

Finally, the growing presence of immigrant labor in the US has received support from the T&T industry arguing that such employees are needed and that US citizens will not work at these jobs. Setting aside a number of the arguments involved here (such as the low wages that are being paid) this paper delves briefly into what tourism researchers would refer to as the leakage and

---

<sup>1</sup> <http://www.wttc.org/publications/pdf/CSLREPORT.pdf>

multiplier effects of the employment of this immigrant labor. The paper presents information about the enormous leakage of the earnings of these immigrants and the resulting loss of multiplier effect of their wages.

With regard to Social aspects of T&T and CSR, the paper discusses a growing movement within the US attempting to halt the sale of pornography by lodging companies via the in-room movie networks. One doubts that a CSR document from any company is going to list among the corporate contributions to economic growth that they are among the largest sellers of pay-per-view sex in the US. And, if one wants to argue that the purchase decision is that of the customer and the hotel is providing the ability to choose but not making the choice, a similar option is not offered by the franchisors to their franchisees. Franchisors require the purchase of certain movie services in order to fulfill the requirements of the franchise. Franchisees whose values are such that they do not wish to be sellers of porn discover that they cannot unbundle the porn from the other movie services-the suppliers require them to buy a package including the porn. To date, franchisors (the companies whose signs are on the buildings and are members of WTTC) have been very reluctant to use their considerable clout to get the movie service providers to unbundle the services and allow those franchisors who wish to escape being porn sellers to do so.

Recently the US has recognized the growing number of illegal immigrants in the country. And, while these immigrants are providing all sorts of services, one area where a number are employed is in the T&T industry and particularly in F&B. At the present time these are illegal workers whose status results in their being subject, at times, to abusive working conditions, low pay, and no benefits with no recourse for these. The industry's claimed "need" for these workers may well be linked to the issues mentioned previously

There remain some major "gaps" in the Environment aspects of T&T which are being exacerbated in the current go go development climate in the US. The US is returning to a period of significant growth of new guestrooms with close to 100,000 new rooms due to open in 2007 and "pipelines" showing even more in the future. Yet one is hard pressed to find any mention by the industry of any "green" aspects being incorporated in this new construction that go beyond what is required by code. Informal discussions with individuals involved with the large us lodging corporations indicate that issues such as "green" materials selection, sustainable construction, innovative design aspects to reduce water and energy usage, etc. are largely non-existent in the mainstream of product creation.

Of lesser concern but still needing attention involves the issue of true measurement of environmental impacts, prioritization of actions and meaningful benchmarks. We continue to lack a more analytic approach to addressing environmental issues in the industry and as a result are possibly missing opportunities. Only within recent years have a small number of US hotels participated in the USEPA Energy Star program at a level resulting in rating of their energy performance. No similar US based rating or benchmarking activity exists for water or other environmental impacts that is available to the "typical" hotel operator. And, the USEPA itself operates its listing somewhat clandestinely.

Finally, the world of ecotourism and ecolodges in the context of the US needs to be researched and evaluated. Is ecotourism only a 3<sup>rd</sup> world activity? Are visitors to US National Parks ecotourists? Are the lodges operating in US state and national parks in any way “ecolodges” and if so in what ways? The paper will set forward some thoughts in this regard as well as some potential areas of investigation and concern.